



CPA & CONSULTING  
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GREATER ST. STEPHEN MINISTRIES HOUSING AND  
DEVELOPMENT CORPORATION  
(a Non-Profit Organization)

Independent Auditor's Report and Financial Statements  
For the Year Ended December 31, 2009

Deemer CPA and Consulting Services, LLC

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/10/11

**Greater St. Stephen Ministries Housing and Development Corporation  
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### **Independent Auditor's Report**

**To the Board of Trustees of  
Greater St. Stephen Ministries Housing and  
Development Corporation:**

I have audited the accompanying schedule of expenditure of federal awards for the HUD-Community Development Block Grant of Greater St. Stephen Ministries Housing and Development Corporation (a non-profit organization) (hereinafter referred to as GSSM Housing & Development Corp.) as of December 31, 2009 and for the year then ended. The schedule of expenditure of federal awards is the responsibility of GSSM Housing & Development Corp.'s management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB A-133, Audits of States, Local Governments, and Nonprofit Organizations. Those standards and Circular OMB A-133 require that I plan and perform the audit to obtain assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the schedule of expenditure of federal awards referred to above presents fairly, in all material respects, the expenditure of federal awards for the HUD-Community Development Block Grant of GSSM Housing & Development Corp. and the results of operations for the year then ended December 31, 2009, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 4, 2010 on my consideration of GSSM Housing & Development Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of the testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.



New Orleans, Louisiana  
December 4, 2010

**Greater St. Stephen Ministries Housing & Development Corporation**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**

**1. Summary of Significant Accounting Policies**

**Nature of Operations** - Greater St. Stephen Ministries Housing & Development Corporation is a single asset corporation that owns and operates a large multi-family housing development in New Orleans East, referred to as Greater St. Stephen City. The agency was established in 1996 to provide low to moderate income families with attractive, well-maintained, safe, and affordable housing. Although GSSM Housing and Development Corporation is a separate corporation, Greater St. Stephen Full Gospel Baptist Church has significant influence over the corporation via common management and common board control.

**Basis of Accounting** - GSSM Housing & Development Corp's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes** - GSSM Housing & Development Corp. has not received tax exempt status. However, there sole source of income is the federal grant included in this report which was spent in total. Therefore, no provision for income taxes is made in the accompanying financial statements.

2. **Grants** - The agency received funding from the U.S. Department of Housing and Urban Development through Community Development Block Grant funds provided to the Louisiana Recovery Authority following the destruction of Hurricane Katrina. The program that this agency participated in is known as the Small Rental Property Program, which is focused on rebuilding the stock of one to four unit rental properties to address the housing needs of low to moderate income people in the most heavily damaged areas, speeding the recovery of entire neighborhoods and communities. As a result of receiving these funds, GSSM Housing & Development Corp. has made a commitment to make 50% of the renovated properties available to supportive housing occupants for a minimum of 20 years. The funds are considered to be an incentive loan which is non-amortizing and non-interest bearing for 20 years until such requirements previously mentioned as well as others are met.

3. **Subsequent Events** - The agency has evaluated its December 31, 2009 financial statements through the date that the financial statements were issued, October 28, 2010 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements

## **SUPPLEMENTAL INFORMATION**

**Greater St. Stephen Ministries Housing and  
Development Corporation  
Schedule of Expenditure of Federal Awards  
For the Year Ended December 31, 2009**

<u>Grantor</u>	<u>CFDA Number</u>	<u>Revenues</u>	<u>Expenses</u>
<b>Federal</b>			
U.S. Department of Housing and Urban Development-CDBG Through LRA	14.228	\$1,689,379	\$1,689,379
Total Governmental Financial Assistance		<u>\$1,689,379</u>	<u>\$1,689,379</u>

Note: The accompanying schedule of expenditures of federal awards and other governmental assistance is prepared on the accrual basis of accounting.

The accompanying notes are an integral part of these financial statements.





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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

To the Board of Directors of Trustees  
Of Greater St. Stephen Ministries Housing and  
Development Corporation

I have audited the schedule of federal awards of Greater St. Stephen Ministries Housing and Development Corporation as of and for the year ended December 31, 2009, and have issued my report thereon dated December 4, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered GSSM Housing & Development Corp's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GSSM Housing & Development Corp's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of GSSM Housing & Development Corp's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompany schedule of findings and questioned costs, I identified deficiencies in internal control that I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 09-01 through 09-03 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying schedule of findings and questioned costs as item 09-04 to be a significant deficiency.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether GSSM Housing & Development Corp's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 09-01 through 09-04.

GSSM Housing & Development Corp's responses to the findings identified in my audit are described in the final page of this report. I did not audit GSSM Housing & Development's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of management, GSSM Housing & Development Corporation's Board of Directors, others within the entity, the State of Louisiana Legislative Auditor, federal awarding agencies and federal flow through entities and is not intended to be and should not be used by anyone other than these specified parties.

*DeeAnn CPA and Consulting Services, LLC*

December 4, 2010



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**Report on Compliance With Requirements That Could Have a Direct and Material  
Effect on The Major Program and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133**

To the Board of Directors of Trustees  
Of Greater St. Stephen Ministries Housing and  
Development Corporation

**Compliance**

I have audited the compliance of GSSM Housing & Development Corp with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program HUD-Community Development Block Grant Funds for the year ended December 31, 2009. GSSM Housing & Development Corp's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of GSSM Housing & Development Corp's management. My responsibility is to express an opinion on GSSM Housing & Development Corp's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the HUD-Community Development Block Grant occurred. An audit includes examining, on a test basis, evidence about GSSM Housing & Development Corp's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of GSSM Housing & Development Corp's compliance with those requirements.

As described in items 09-1 through 09-04 in the accompanying schedule of findings and questioned costs, GSSM Housing & Development Corporation did not comply with requirements regarding Procurement, Suspension and Debarment, Davis Bacon Act, and Reporting that are applicable to its HUD-Community Development Block Grant. Compliance with such requirements is necessary, in my opinion, for GSSM Housing & Development Corp. to comply with requirements related to its major federal program.

In my opinion, because of the effects of the noncompliance described in the preceding paragraph, GSSM Housing & Development Corp. did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2009.

#### **Internal Control Over Compliance**

The management of GSSM Housing & Development Corp. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered GSSM Housing & Development Corp's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of GSSM Housing & Development Corp's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-01 through 09-03 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-04 to be a significant deficiency.

GSSM Housing & Development Corp's responses to the findings identified in my audit are described in the last page of this report. I did not audit GSS Housing & Development Corp's responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, GSSM Housing & Development Corp's Board of Directors, State of Louisiana Legislative Auditor, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Deemer CPA and Consulting Services, LLC*

December 4, 2010

**Greater St. Stephen Ministries Housing and  
Development Corporation  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2009**

I have audited the financial statements of Greater St. Stephen Ministries Housing and Development Corporation as of and for the year ended December 31, 2009, and have issued my report thereon dated December 4, 2010. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. I have summarized my audit of the financial statements as of December 4, 2010.

**1. Summary of Auditor's Results**

- A. Control Deficiencies were disclosed by the audit of the financial statements: **Yes**  
Material Weaknesses: **Yes**
- B. Noncompliance which is material to the financial statements: **Yes**
- C. Control Deficiencies over major programs: **Yes**  
Material Weaknesses: **Yes**
- D. The type of report issued on compliance for major programs: **Unqualified Opinion**
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **No**
- F. Major programs: **Department of Housing and Urban Development 14.228-Community Development Block Grant Funds.**
- G. Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- H. Auditee qualified as a low-risk audited under section 530 of OMB Circular A-133: **No**

**Greater St. Stephen Ministries Housing and  
Development Corporation  
Current Year Findings and Questioned Costs  
For the Year Ended December 31, 2009**

**09-01 Bid Documentation not on file**

Statement of Condition: The organization did not comply with the procurement regulations required by the Federal government. Bids were not obtained for the construction project associated with these federal grant funds.

Criteria: Federal procurement rules and regulations require a competitive bid process for purchases of goods and services greater than \$100,000.

Effect of Condition: The organization was not in compliance with federal procurement rules and regulations.

Cause of Condition: Management must implement procedures to ensure that federal grant rules and regulations are adhered to.

Recommendation: Management should designate or employ an individual/firm who is knowledgeable regarding federal grant rules and regulations.

**09-02 Related Party Transaction**

Statement of Condition: A member of the Board of Trustees of the fiscal agent of this program was responsible for securing this grant and was hired as the construction manager of the overall project.

Criteria: The organization should not enter into contract agreements with members of the Board of Trustees, who are to provide oversight to the organization.

Effect of Condition: It was indeterminable as to whether the contract payments were reasonable and customary.

Cause of Condition: Management did not bid this construction project but hired the construction company of a board member.

Recommendation: Management should not enter into contractual agreements with members of its Board of Trustees who are charged with governance of the organizations that they control.

#### **09-03 Certified Payrolls Not on File**

Statement of Condition: GSSM Housing & Community Development Corp. did not test the contractors' compliance with the requirements of the Davis-Bacon Act. It also does not appear to have included a stipulation that the contractor follow the Davis-Bacon Act in its contract with the construction company.

Criteria: As required by the Davis-Bacon Act, all laborers and mechanics hired by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL.

Effect of Condition: The organization cannot provide reasonable assurance that individual construction contractors are complying with the Davis-Bacon Act.

Cause of Condition: There are currently no procedures established to monitor the contractors' compliance with Davis-Bacon Act.

Recommendation: Procedures should be implemented to ensure that compliance with Davis-Bacon Act is tested by the organization.

#### **09-04 Late Report Filing**

Statement of Condition: GSSM Housing & Development Corp. engaged for its' audit after the nine month period allowed for audit submission to the Federal Clearinghouse.

Criteria: The OMB Circular A-133 requires that non-profit organizations expending federal grant funds in excess of \$500,000 complete a financial statement and compliance audit within nine months following the end of their fiscal year.

Effect of Condition: The organization was not in compliance with its reporting requirements to the federal government.

Cause of Condition: It is indeterminable as to why the single audit was not engaged timely.

Recommendation: Management must implement procedures to ensure that they are in compliance with federal reporting requirements.



**Greater St. Stephen Ministries Housing and  
Development Corporation  
Status of Prior Year Findings  
For the Year Ended December 31, 2009**

There were no prior year findings nor audits performed.

*Greater St. Stephen  
Full Gospel Baptist Church*



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December 6, 2010

The following are my management responses to the OMBA-133 Audit for 2009

**09-01/09-02 Bid Documentation not on file/Related Party Transaction**

The organization has never received federal funds before. We contracted a licensed, bonded and insured contractor whose reputation and work was known by the organization. The work has been successfully completed and the units are now occupied by low to moderate income tenants who now reside in an affordable, safe, clean and habitable environment as a result of the program. Now that we have been made aware of the federal bid law responsibilities by the auditor, the organization will take the necessary action to follow the federal bid law should we received funds for another project in the future.

**09-03 Certified Payroll**

The contractor's agreement with the organization has been amended to make them aware of the Davis Bacon Act.  
The organization has obtained copies of the Contractor's 2009 certified payroll.

**09-04 Late Report Filing**

The organization has gone over the report, we've digested it and we're now prepared to take proactive steps by engaging the services of a CPA by January 31, 2011 in order to perform a single audit of the 2010 federal expenditures.

*Dr. Debra B. Morton, Senior Pastor ~ Bishop Paul S. Morton Sr., Co-Pastor ~ Elder Brandon Boutin, AO ~ Elder Donna Williams, CFO*